

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Financial Statements with Supplementary Information

As of and for the Year Ended June 30, 2014

(With Independent Auditors' Report Thereon)

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

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Independent Auditors' Report

Board of Commissioners
State of Louisiana
Natchitoches Levee and Drainage District
Natchitoches, Louisiana

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business type activities of the Natchitoches Levee and Drainage District, a component unit of the State of Louisiana, as of and for the year then ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Natchitoches Levee and Drainage District as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental schedules and the Division of Administration reporting package listed in the table of contents are presented for purposes of additional analysis and not a required part of the basic financial statements.

The accompanying supplemental schedules and the Division of Administration reporting package listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014, on our consideration of the Natchitoches Levee and Drainage District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Griffin & Company, LLC

August 28, 2014

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Management's Discussion & Analysis

June 30, 2014

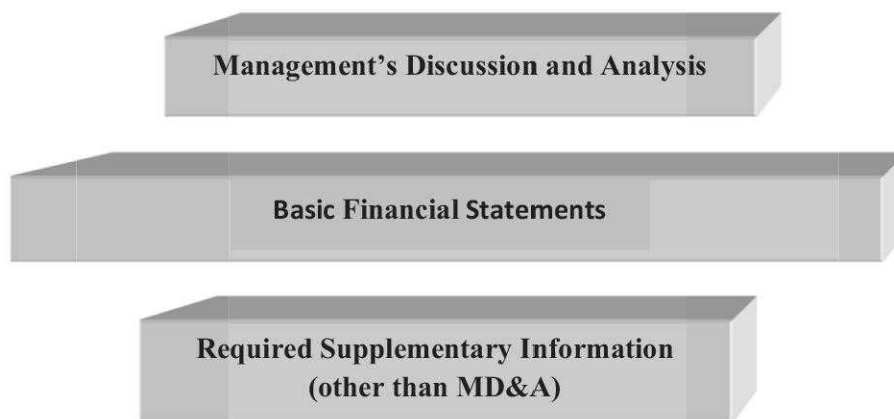
The Management's Discussion and Analysis of the Natchitoches Levee and Drainage District's (the "District") financial performance presents a narrative overview and analysis of the District's financial activities for the period from July 1, 2013 to June 30, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the District's financial statements.

Financial Highlights

- The District's assets exceeded its liabilities at the close of fiscal year 2014 by \$2,595,660. Assets consist primarily of cash, certificates of deposit, and capital assets. Net assets increased by \$241,111 or 10.24% compared to the prior fiscal year.
- The District's revenues totaled \$830,896 for the year ended June 30, 2014. These revenues are comprised primarily of taxes, state revenue sharing, and interest income. Revenues increased \$37,015 or 4.66% compared to the prior fiscal year primarily due to the District rolling forward its millage in the current year.
- The District's expenditures totaled \$589,785 for the year ended June 30, 2014. These expenditures are comprised primarily of personnel, operating, and professional services. Expenditures increased \$29,684 or 5.30% compared to the prior fiscal year.

Overview of the Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Management's Discussion & Analysis

June 30, 2014

Basic Financial Statements

The basic financial statements present information for the District's as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets and the Statement of Activities.

The Statement of Net Position presents the assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

Financial Analysis of the Entity

Statement of Net Position
As of June 30, 2014

Current and other assets	\$ 1,767,356
Other assets	12,412
Capital assets, net	<u>1,119,434</u>
Total assets	<u>2,899,202</u>
Other current liabilities	78,334
Compensated absences payable	12,627
Other post-employment benefits payable	182,889
Capital lease obligation	<u>29,692</u>
Total liabilities	<u>303,542</u>
Net assets:	
Invested in capital assets, net of debt	1,089,742
Unrestricted	<u>1,505,918</u>
Total Net Assets	<u>2,595,660</u>
Total liabilities and net assets	<u>\$ 2,899,202</u>

Unrestricted net position are those positions that do not have any limitations on how these amounts may be spent.

Net position of the District increased by \$241,111 or 10.24%, from June 30, 2013 to June 30, 2014. The increase was primarily related to the District rolling forward its millage in the current year.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Management's Discussion & Analysis

June 30, 2014

**Statement of Activities
For the Year Ended June 30, 2014**

Expenses	\$ 589,785
Program revenues	<u>-</u>
Operating loss	(589,785)
General revenues	<u>830,896</u>
Net increase net position	<u><u>\$ 241,111</u></u>

The District's total revenues increased by \$37,015 or 4.66%. The total cost of all programs and services increased by \$29,684 or 5.30%.

Capital Assets and Debt Administration

Capital Assets

At the end of 2014, the District had \$1,119,434 invested in capital assets which primarily consists of land and building improvements, equipment and vehicles. This amount represents a net increase of \$48,878 or 4.57% over the last year.

Debt

The District has obligations for compensated absences of \$12,627. The obligations increased from \$11,164 for an increase of \$1,463 or 13.10%.

The District has obligations for other post employment retirement benefits of \$182,889. The obligations increased from \$176,573 for an increase of \$6,316 or 3.58%.

The District has obligations under capital leases of \$29,692. The obligation decreased from \$60,684 for an decrease of \$30,992 or 51.07%.

The District had no bonds and notes outstanding at June 30, 2014.

Variations Between Actual and Budget Amounts

Revenues were \$225,046 over budget and expenditures were \$26,883 over budget. This is primarily due to the budget not being adjusted for the District electing to roll the tax millage forward upon reassessment for the current year.

Economic Factors and Next Year's Budget

The District's officials considered the following factors and indicators when setting next year's budget:

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Management's Discussion & Analysis

June 30, 2014

- Ad valorem taxes
- Interest income
- Intergovernmental revenues (state and local grants)

The management of the District does not expect any significant changes in next year's results compared to the current year.

Contacting the District's Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Karlton Methvin, President, Post Office Box 1036, Natchitoches, Louisiana 71458.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Statement of Net Position

June 30, 2014

<u>Assets</u>		
Cash & cash equivalents	\$	1,767,356
Other assets		12,412
Capital assets (net of depreciation)		<u>1,119,434</u>
Total assets		2,899,202
<u>Liabilities</u>		
Accounts payable & accruals		78,334
Compensated absences payable		12,627
Other post employment benefits payable		182,889
Capital lease obligation		<u>29,692</u>
Total liabilities		<u>303,542</u>
<u>Net Position</u>		
Invested in capital assets, net of related debt		1,089,742
Unrestricted		<u>1,505,918</u>
Total net position	\$	<u><u>2,595,660</u></u>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Statement of Activities

For the Year Ended June 30, 2014

		<u>Program Revenues</u>			<u>Net (Expense) Revenue & Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	
	<u>Expenses</u>				
Functions/Programs					
Governmental Activities:					
Personal services	\$ 227,938	-	-	-	(227,938)
Travel	7,667	-	-	-	(7,667)
Operating services	207,382	-	-	-	(207,382)
Supplies	38,180	-	-	-	(38,180)
Professional services	45,751	-	-	-	(45,751)
Depreciation	62,867	-	-	-	(62,867)
Total General Government	\$ 589,785	-	-	-	(589,785)
General Revenues:					
Taxes					782,186
State revenue sharing					40,276
Interest income					6,456
Miscellaneous					1,978
Total general revenues					830,896
Change in net position					241,111
Net position - beginning					2,354,549
Net position - ending				\$	2,595,660

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Governmental Funds

Balance Sheet

June 30, 2014

Assets

Current Assets:

Cash & cash equivalents	\$ 1,767,356
Other assets	<u>12,412</u>
Total assets	\$ <u><u>1,779,768</u></u>

Liabilities & Fund Balance

Current Liabilities:

Accounts payable & accrued expenses	\$ <u>78,334</u>
Total current liabilities	<u>78,334</u>

Fund Balance:

Nonspendable (not in spendable form)	12,412
Unassigned	<u>1,689,022</u>
Total fund balance	<u>1,701,434</u>
Total liabilities & fund balance	\$ <u><u>1,779,768</u></u>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

June 30, 2014

Total Governmental Fund Balances	\$ <u>1,701,434</u>
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Total Net Position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Building and building improvements, net of accumulated depreciation of \$12,290	-
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Land improvements, net of accumulated depreciation of \$59,344	994,448
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Automobiles and equipment, net of accumulated depreciation of \$374,074	<u>124,986</u>
--	-----------------------

Total capital assets	<u>1,119,434</u>
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Long-term liabilities, including compensated absences payable, OPEB payable, and capital lease obligations are not due and payable in the current period and therefore are not reported in the fund liabilities:

Compensated absences payable	(12,627)
Other post employment benefits payable	(182,889)
Capital lease obligation	<u>(29,692)</u>

Total long-term liabilities	<u>(225,208)</u>
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Total Net Position of Governmental Activities	\$ <u><u>2,595,660</u></u>
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See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended June 30, 2014

Revenues:	
Taxes	\$ 782,186
Intergovernmental	
State revenue sharing	40,276
Interest income	6,456
Miscellaneous	<u>128</u>
Total revenues	<u>829,046</u>
 Expenditures:	
General government	
Personal services	220,158
Travel	7,667
Operating services	207,382
Supplies	38,180
Professional services	45,751
Capital Outlay	
Equipment and vehicles	<u>111,745</u>
Total expenditures	<u>630,883</u>
 Excess of revenues over expenditures	<u>198,163</u>
 Other Financing Sources (Uses):	
Payments of capital lease obligation	(30,993)
Proceeds from sale of capital assets	<u>1,850</u>
Total other financing sources (uses)	<u>(29,143)</u>
 Net change in fund balance	169,020
 Fund balance, beginning of year	<u>1,532,414</u>
 Fund balance, end of year	\$ <u><u>1,701,434</u></u>

See accompanying notes to the financial statements.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental
Funds to the Statement of Activities**

For the Year Ended June 30, 2014

Net Change in Fund Balances - total governmental funds	\$ <u>169,020</u>
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital asset additions	111,745
Depreciation expense	<u>(62,867)</u>
	<u>48,878</u>

Governmental funds report debt proceeds as revenues. However, these amounts are not in the statement of activities but increase liabilities in the statement of net assets. These amounts relate to capital lease obligations of the District.

	30,993
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In the Statement of Activities compensated absences and other post employee benefits are accrued, whereas in the governmental funds, these expenditures are reported when due.

	<u>(7,780)</u>
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Change in Net Position of Governmental Activities	\$ <u><u>241,111</u></u>
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**STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Budgetary Basis) - General Fund**

For the Year Ended June 30, 2014

	Budget Amounts Original/ Final	Actual (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
Revenues:			
Taxes	\$ 598,000	782,186	184,186
Intergovernmental	-	40,276	40,276
Interest income	6,000	6,456	456
Total revenues	<u>604,000</u>	<u>829,046</u>	<u>225,046</u>
Expenditures:			
General government			
Personal services	220,000	220,158	(158)
Travel	20,000	7,667	12,333
Operating services	175,000	207,382	(32,382)
Supplies	45,000	38,180	6,820
Professional services	40,000	45,751	(5,751)
Capital outlay	<u>104,000</u>	<u>111,745</u>	<u>(7,745)</u>
Total expenditures	<u>604,000</u>	<u>630,883</u>	<u>(26,883)</u>
Net change in fund balance	-	169,020	169,020
Fund balance, beginning	<u>1,532,414</u>	<u>1,532,414</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,532,414</u>	<u>1,701,434</u>	<u>169,020</u>

See independent auditors' report.

STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2014

(1) Summary of Significant Accounting Policies

(a) Introduction

The Natchitoches Levee and Drainage District and its Board of Commissioners were created by the Louisiana State Legislature under the provisions of the Louisiana Revised Statute 38:291(H). The Levee District includes most of Natchitoches Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana Statute. The eight members of the Board of Commissioners, which governs the District, are appointed by the governor of the State of Louisiana.

(b) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

(c) Measurement Focus, Basis of Accounting, and Financial Basis Presentation

The government-wide financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the district considers revenues to be available only if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, royalties, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2014

Funds are used by the District to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The District has a General Fund only which is classified as a governmental fund type. The District has no proprietary or other fund types.

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District.

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. Component units are defined as legally separate organizations for which the elected officials of a primary government are financially accountable. The criteria used in determining whether financial accountability exists include the appointment of a voting majority of an organization's governing board, the ability of the primary government to impose its will on that organization or whether there is a potential for the organization to provide specific financial benefits or burdens to the primary government. Fiscal dependency may also play a part in determining financial accountability. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In addition, it has been determined that the District is a component unit of the State of Louisiana for financial reporting purposes. Annually, the State of Louisiana (the primary government) issues general-purpose financial statements, which include the activity contained in the accompanying financial statements.

(d) Assets, Liabilities, and Net Position

Deposits with Financial Institutions

For reporting purposes, cash and cash equivalents includes amounts in savings, demand deposits, time deposits, and certificates of deposit. Under state law, the District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including negotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2014

Receivables and Bad Debts

All receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available that would indicate the uncollectibility of the particular receivable.

Capital Assets

Capital assets, which include property, plant, and equipment, are included on the Statement of Net Assets and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated for financial reporting purposes using the straight-line method over the following useful lives of the asset:

<u>Description</u>	<u>Years</u>
Buildings and building improvements	10
Vehicles	5
Equipment	10
Land Improvements	40

Inventories

Inventories of the District are recorded at cost and recognized as expenditures when purchased.

Compensated Absences

The District has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditure in the fund when leave is actually taken. The government-wide financial statements present the cost of accumulated sick leave as a liability. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay this amount when employees separate from service.

STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2014

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance**—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance**—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance**—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- **Assigned fund balance**—amounts the District intends to use for a specific purpose. Intent is expressed by the Board of Directors.
- **Unassigned fund balance**—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

(2) Stewardship, Compliance, and Accountability

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2014

the full accrual basis of accounting, with the exception that the gain or loss resulting from adjusting the carrying value of investments to fair market value is not included in the budget as a revenue or expense. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year-end.

(3) Deposits With Financial Institutions

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. As of June 30, 2014, the District had no deposits that were uninsured and uncollateralized.

The deposits at June 30, 2014 consist of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Book balance of bank accounts	\$ <u>1,767,356</u>	<u>-</u>	<u>1,767,356</u>
Deposits in bank accounts per bank	\$ <u>1,784,915</u>	<u>-</u>	<u>1,784,915</u>

The following is a breakdown by banking institution and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
MidSouth Bank	\$ <u>1,784,915</u>
Total	\$ <u>1,784,915</u>

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2014

(4) Capital Assets

The following is a summary of changes in the general fixed assets account group during the period from July 1, 2013 to June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital Assets, not being depreciated:				
Land	\$ -	-	-	-
Capital Assets, being depreciated:				
Automobiles & equipment	531,006	-	(31,946)	499,060
Less accum. depreciation	(368,399)	(37,621)	31,946	(374,074)
Total automobiles & equipment	<u>162,607</u>	<u>(37,622)</u>	<u>-</u>	<u>124,986</u>
Buildings & improvements	12,290	-	-	12,290
Less accum. depreciation	(11,061)	(1,229)	-	(12,290)
Total buildings & improvements, net	<u>1,229</u>	<u>(1,229)</u>	<u>-</u>	<u>-</u>
Land improvements	942,047	111,745	-	1,053,792
Less accum. depreciation	(35,327)	(24,017)	-	(59,344)
Total land & improvements, net	<u>906,720</u>	<u>87,728</u>	<u>-</u>	<u>994,448</u>
Infrastructure	-	-	-	-
Less accum. depreciation	-	-	-	-
Total infrastructure, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets being depreciated, Net	<u>1,070,556</u>	<u>48,878</u>	<u>-</u>	<u>1,119,434</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 1,070,556</u>	<u>48,878</u>	<u>-</u>	<u>1,119,434</u>

(5) Accounts Payable and Accruals

Payables at June 30, 2014 were as follows:

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Other Payables</u>	<u>Total Payables</u>
General Fund	\$ <u>73,469</u>	<u>4,865</u>	<u>-</u>	<u>78,334</u>

STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2014

(6) Compensated Absences

At June 30, 2014, employees of the District had accumulated \$12,627, in annual leave benefits, which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated leave benefits for the year ended June 30, 2014:

Compensated absences payable, beginning of year	\$ 11,164
Additions	10,396
Reductions	<u>(8,933)</u>
Compensated absences payable, end of year	\$ <u>12,627</u>

(7) Retirement System

Substantially all of the employees of the District are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time District employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006, have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2010 Financial Statements. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members hired before July 1, 2006 and after July, 2006 are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Natchitoches Levee and Drainage District is required to contribute at an actuarially

STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2014

determined rate as required by R.S. 11:102. The contribution rate was 31.3%, 29.1% and 25.6% of annual covered payroll in fiscal years ended June 30, 2014, 2013 and 2012, respectively. The District's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$21,008, \$29,711 and \$33,682, respectively, equal to the required contributions for each year.

(8) Post Retirement Health Care and Life Insurance Benefits

Plan Description. The District's employees may participate in the Natchitoches Levee and Drainage District's Other Post-employment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by LRS 42:801-883 and are on a pay as you go basis. Employees do not contribute to their post-employment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits offers four standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) plan, the Consumer Directed Health Plan with HAS (CDHP), and the Medical Home HMO Plan (MHHMO). Retired employees who have Medicare Part A and Part B coverage also have access to Medicare Advantage plans which are offered on a calendar year basis. Administrative costs of the OPEB Plan are financed through the premiums collected for all classes of active and retired plan members. Contribution amounts vary depending on which healthcare provider is selected from the plan, years of participation, and if the member has Medicare coverage.

Plan Provisions. Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree contribution rate based on the following schedule:

<u>OGB Participation</u>	<u>Employer Contribution Percentage</u>	<u>Employee Contribution Percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2014

Total monthly per capita premium equivalent rates for 2013-2014 are as follows:

	<u>PPO</u>	<u>HMO</u>	<u>CDHP</u>	<u>MHHMO</u>
Active:				
Effective January 1, 2014:				
Single	\$594	\$561	\$461	\$573
With Spouse	1,262	1,192	979	1,200
With Children	724	684	563	695
Family	1,331	1,257	1,033	1,264
Effective January 1, 2013:				
Single	\$576	\$544	\$447	\$536
With Spouse	1,223	1,156	950	1,122
With Children	702	664	545	651
Family	1,290	1,219	1,001	1,183
Retired without Medicare & Re-Employed Retiree:				
Effective January 1, 2014:				
Single	\$1,105	\$1,047		\$1,052
With Spouse	1,951	1,849		1,847
With Children	1,231	1,167		1,171
Family	1,942	1,841		1,839
Effective January 1, 2013:				
Single	\$1,071	\$1,015		\$985
With Spouse	1,892	1,793		1,727
With Children	1,193	1,131		1,095
Family	1,883	1,784		1,719
Retired with 1 Medicare:				
Effective January 1, 2014:				
Single	\$359	\$347		\$352
With Spouse	1,328	1,266		1,262
With Children	622	596		599
Family	1,769	1,686		1,676
Effective January 1, 2013:				
Single	\$348	\$336		\$330
With Spouse	1,287	1,228		1,180
With Children	603	578		561
Family	1,715	1,634		1,567
Retired with 2 Medicare:				
Effective January 1, 2014:				
With Spouse	\$646	\$621		\$621
Family	800	769		766

**STATE OF LOUISIANA
NATCHITOCHE LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2014

Effective January 1, 2013:

With Spouse	\$626	\$602	\$582
Family	775	746	717

Medicare Advantage Rates are as follows:

	Retired with	
	<u>1 Medicare</u>	<u>2 Medicare</u>
Effective January 1, 2014:		
Peoples Health HMO	\$251	\$502
Vantage HMO	151	301
Effective January 1, 2013:		
Peoples Health HMO	\$234	\$468
Vantage HMO	184	369

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by the Prudential Company of America. The total monthly premium is approximately \$1.08 per thousand dollars of coverage of which the employer pays one-half of the premiums. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual OPEB Cost. The District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2013 is \$59,100.

The following table shows the components of the District's net OPEB obligation:

		<u>6/30/14</u>	<u>6/30/13</u>	<u>6/30/12</u>
Annual required contribution	\$	33,500	38,100	44,400
Interest on Net OPEB Obligation		7,100	6,600	5,500
Adjustment to Annual Required Contribution		<u>(6,700)</u>	<u>(6,300)</u>	<u>(5,300)</u>
Annual OPEB cost (expense)		33,900	38,400	44,600
Contributions made (retiree cost)		(27,584)	(27,381)	(17,123)
Net OPEB obligation – beginning of year		<u>176,573</u>	<u>165,554</u>	<u>138,077</u>
Net OPEB obligation – end of year	\$	<u>182,889</u>	<u>176,573</u>	<u>165,554</u>
% of Annual OPEB Cost Contributed		81.4%	71.3%	38.4%

Funded Status and Funding Progress. As of June 30, 2014, the District did not have an OPEB trust. A trust was established with an effective date of July 1, 2009, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of \$603,700 was unfunded.

STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT

Notes to Financial Statements

June 30, 2014

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presented below as required supplementary information is intended to provide multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Required Supplementary Information
Schedule of Funding Progress**

Actuarial valuation date		7/1/2013	7/1/2012	7/1/2011
Actuarial value of assets	a	-	-	-
Actuarial accrued liability (AAL)	b	\$ 603,700	591,600	652,800
Unfunded AAL (UAAL)	b-a	\$ 603,700	591,600	652,800
Funded ratio	a/b	0%	0%	0%
Covered payroll	c	\$ 95,831	95,800	129,700
UAAL as a % of covered payroll	b-a/c	630%	618%	503%

For the three valuation periods above, the unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of thirty years.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8% and 6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 4.5% per year. The Natchitoches Levee and Drainage District's unfunded actuarial accrued liability is being amortized as a level percentage of payroll over an open amortization period of thirty years.

(9) Leases

The Natchitoches Levee and Drainage District was obligated under a capital lease at June 30, 2014. Future minimum lease commitments under this lease amounted to \$29,692 at June 30, 2014. The final payment of principal and interest in the amount of \$29,692 is due in 2015.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT**

Notes to Financial Statements

June 30, 2014

(10) Long-Term Liabilities

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2014:

	Balance June 30, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2014</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 11,164	10,396	(8,933)	12,627	-
Capital lease obligation	60,684	-	(30,992)	29,692	29,692
OPEB payable	<u>176,573</u>	<u>33,900</u>	<u>(27,584)</u>	<u>182,889</u>	<u>-</u>
Total long-term liabilities	\$ <u>248,421</u>	<u>44,296</u>	<u>(67,509)</u>	<u>225,208</u>	<u>29,692</u>

(11) Levee District Taxes

Article 6, Section 30 of the 1974 Louisiana Constitutions provides that the District may levy an annual tax not to exceed 5.0 mills to construct and maintain levees, levee drainage, flood protection, hurricane flood protection, and all other purposes incidental thereto. For the 2013 taxes levied on the assessed value of property within the District, the adjusted mileage rate was set at 4.22 mills.

(12) Risk Management

The Natchitoches Levee and Drainage District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage to protect against each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

(13) Contingent Liabilities

There was no outstanding litigation against the Natchitoches Levee and Drainage District at June 30, 2014.

(14) Related Party Transactions

The Natchitoches Levee and Drainage District had no related party transactions in the year ended June 30, 2014.

(15) Evaluation of Subsequent Events

The District has evaluated subsequent events through August 28, 2014, the date which the financial statements were available to be issued.

**STATE OF LOUISIANA
NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT**

Schedule of Commissioners' Per Diem

For the Year Ended June 30, 2014

<u>Name</u>	<u>Amount</u>
Adolph Sklar, Jr.	\$ 675
Billy Giddens	900
Charles Brazzel, Jr.	675
Doris Roge	900
Janet Jones	750
Karlton Methvin, President	12,000
Mark Swafford	900
Ronald Corkern	900
Rayburn Smith	<u>600</u>
	\$ <u><u>18,300</u></u>

Natchitoches Levee & Drainage District
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2014

C O N T E N T S

Affidavit

Statements

Statement of Net Position	A
Statement of Revenues, Expenses, and Changes in Net Position	B
Statement of Activities	C
Statement of Cash Flows	D
Notes to the Financial Statements	

Notes	Note Name
A.	Summary of Significant Accounting Policies
B.	Budgetary Accounting
C.	Deposits with Financial Institutions and Investments (See Appendices Packet - Appendix A at http://www.doa.louisiana.gov/OSRAP/afrpackets.htm)
D.	Capital Assets – Including Capital Lease Assets
E.	Inventories
F.	Restricted Assets
G.	Leave
H.	Retirement System
I.	Other Postemployment Benefits (See Appendices Packet - Appendix D at http://www.doa.louisiana.gov/OSRAP/afrpackets.htm)
J.	Leases
K.	Long-Term Liabilities
L.	Contingent Liabilities
M.	Related Party Transactions
N.	Accounting Changes
O.	In-Kind Contributions
P.	Defeased Issues
Q.	Revenues or Receivables – Pledged or Sold (GASB 48) (See Appendices Packet - Appendix E at http://www.doa.louisiana.gov/OSRAP/afrpackets.htm)
R.	Government-Mandated Nonexchange Transactions (Grants)
S.	Violations of Finance-Related Legal or Contractual Provisions
T.	Short-Term Debt
U.	Disaggregation of Receivable Balances

- V. Disaggregation of Payable Balances
- W. Subsequent Events
- X. Segment Information
- Y. Due to/Due from and Transfers
- Z. Liabilities Payable from Restricted Assets
- AA. Prior-Year Restatement of Net Position
- BB. Assets Restricted by Enabling Legislation
(See Appendices Packet - Appendix C at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)
- CC. Impairment of Capital Assets
(See Appendices Packet - Appendix B at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)
- DD. Employee Termination Benefits
- EE. Pollution Remediation Obligations
- FF. American Recovery and Reinvestment Act (ARRA)
- GG. Restricted Assets – Other Purposes
- HH. Service Concession Arrangements
- II. Nonexchange Financial Guarantees

Schedules

- 1 Schedule of Per Diem Paid to Board Members
- 15 Schedule of Comparison Figures and Instructions

The Appendices Packet is located as a separate packet on OSRAP's website at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>.

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2014

Natchitoches Levee & Drainage District
P.O. Box 1036
Natchitoches, Louisiana 71458

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

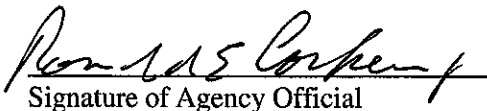
LLAFileroom@lla.la.gov.

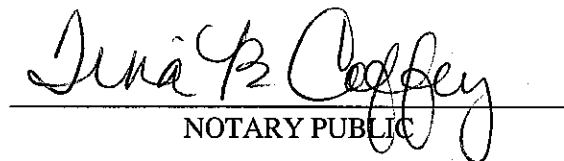
Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Ronald Corkern, Assistant Secretary of Natchitoches Levee & Drainage District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Natchitoches Levee & Drainage District at June 30, 2014 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 28th day of August, 2014.


Signature of Agency Official


NOTARY PUBLIC

Prepared by: Robert J. Furman, CPA

Title: Partner, Griffin and Company, LLC

Telephone No.: 985-727-9924

Date: 8/27/14

Email Address: rfurman@griffinandco.com

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

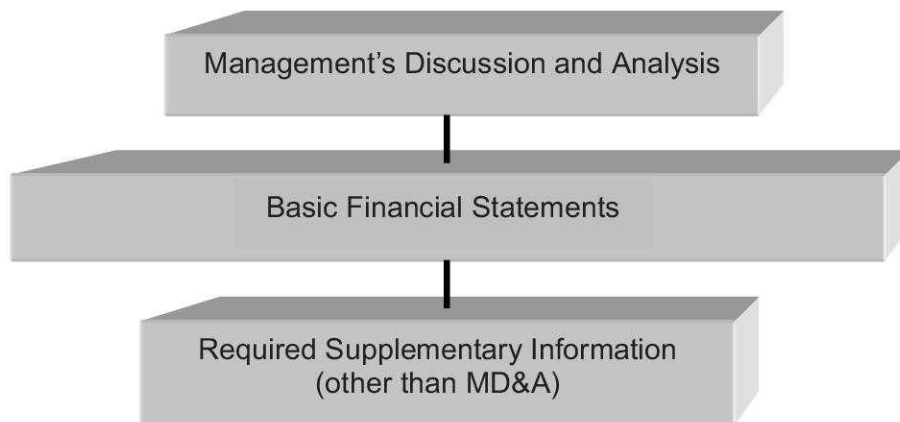
Management's Discussion and Analysis of the Natchitoches Levee & Drainage District's financial performance presents a narrative overview and analysis of Natchitoches Levee & Drainage District's financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Natchitoches Levee & Drainage District's financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Natchitoches Levee & Drainage District's assets and deferred outflows exceeded liabilities and deferred inflows at the close of fiscal year 2014 by 2,595,660, which represents a 10.24% increase from last fiscal year.
- ★ The Natchitoches Levee & Drainage District's revenue increased \$37,015 (or 4.66%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Natchitoches Levee & Drainage District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

plus deferred inflows is net position, which may provide a useful indicator of whether the financial position of the Natchitoches Levee & Drainage District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how Natchitoches Levee & Drainage District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how Natchitoches Levee & Drainage District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB Statement 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
as of June 30, 2014
(in thousands)

	Total	
	2014	2013
Current and other assets	\$ 1,780	\$ 1,542
Capital assets	1,119	1,071
Total assets	<u>2,899</u>	<u>2,613</u>
Total deferred outflow of resources		
Other liabilities	78	10
Long-term debt outstanding	225	208
Total Liabilities	<u>303</u>	<u>218</u>
Total deferred inflow of resources		
Net position:		
Net investment in capital assets	1,090	1,010
Restricted	-	-
Unrestricted	<u>1,506</u>	<u>1,345</u>
Total net position	<u>\$ 2,596</u>	<u>\$ 2,355</u>

Restricted assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted assets are those that do not have any limitations on how these amounts may be spent.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

Assets of Natchitoches Levee & Drainage District's increased by \$286,250, or 10.96%, from June 30, 2013 to June 30, 2014. The primary reason is due to the addition of capital assets and a surplus of revenues over expenses.

Statement of Revenues, Expenses, and Changes in Net Position
for the years ended June 30, 2014
(in thousands)

	Total	
	2014	2013
Operating revenues	\$ -	\$ -
Operating expenses	590	560
Operating income(loss)	(590)	(560)
Non-operating revenues	831	794
Non-operating expenses	-	-
Income(loss) before transfers	241	234
Transfers in	-	-
Transfers out	-	-
Net increase(decrease) in net position	\$ 241	\$ 234

The Natchitoches Levee & Drainage District's total revenues increased by \$37,015 or 4.66%. The total cost of all programs and services increased by \$29,684 or 5.30%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year ended June 30, 2014, the Natchitoches Levee & Drainage District had \$1,119,434 invested in a broad range of capital assets, including land, and equipment and vehicles (see accompanying Table). This amount represents a net increase (including additions and deductions) of \$48,878, or 4.57%, over last year.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

This year's major additions included (in thousands):

- Replacement of flood gates of \$111

	<u>2014</u>	<u>2013</u>
Land improvement	\$ 994,448	\$ 906,720
Buildings and improvements	-	1,229
Equipment	124,986	162,607
Infrastructure	-	-
Intangible Assets	-	-
Totals \$	<u>1,119,434</u>	<u>\$ 1,070,556</u>

Debt

The Natchitoches Levee & Drainage District had no bonds and notes outstanding at June 30, 2014.

There was no debt issued from July 1, 2013 to June 30, 2014.

The District has obligations for compensated absences of \$12,627. The obligations increased from \$11,164 for an increase of \$1,463 or 13.10%.

The District has obligations for other post employment retirement benefits of \$182,889. The obligations increased from \$176,573 for an increase of \$6,316 or 3.58%.

The District has obligations under capital leases of \$29,692. The obligation decreased from \$60,684 for a decrease of \$30,992 or 51.07%.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$225,046 over budget and expenditures were \$26,883 over budget. This is primarily due to the budget not being adjusted for the District electing to roll the tax millage forward upon reassessment for the current year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Natchitoches Levee & Drainage District's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Ad valorem taxes
- Interest income
- Intergovernmental revenues (state and local grants)

The Natchitoches Levee & Drainage District does not expect any significant changes in next year's results compared to the current year.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014**

CONTACTING THE NATCHITOCHES LEVEE & DRAINAGE DISTRICT MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Natchitoches Levee & Drainage District's finances and to show the Natchitoches Levee & Drainage District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Karlton Methvin, President, Post Office Box 1036, Natchitoches, Louisiana 71458.

**STATE OF LOUISIANA
NATCHITOCHE LEVEE & DRAINAGE DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

Statement A

ASSETS

CURRENT ASSETS

Cash and Cash equivalents	\$	1,767,356
Restricted Cash and Cash Equivalents		
Investments		
Derivative Instruments		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		12,412
Notes Receivable		
Other Current Assets		
Total current assets		1,779,768

NONCURRENT ASSETS

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		
Notes Receivable		
Capital assets, net of depreciation (Note D)		
Land non-depreciable easements		
Buildings and improvements		
Machinery and equipment		124,986
Infrastructure		994,448
Intangible assets		
Construction/Development-in-progress		
Other noncurrent assets		
Total noncurrent assets		1,119,434
Total assets	\$	2,899,202

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in fair value of hedging derivatives	\$	
Deferred amounts on debt refunding		
Adjustments of capital lease obligations		
Grants paid prior to meeting time requirements		
Intra-entity transfer of future revenues (transferee)		
Losses from sale-leaseback transactions		
Direct loan origination costs for mortgage loans held for sale		
Fees paid to permanent investors prior to sale of mortgage loans		
Total deferred outflow of resources	\$	-
Total assets and deferred outflow of resources	\$	2,899,202

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	78,334
Derivative instrument		
Due to other funds (Note Y)		
Due to federal government		
Unearned revenues		
Amounts held in custody for others		
Other current liabilities		

**STATE OF LOUISIANA
NATCHITOCHE LEVEE & DRAINAGE DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

Statement A

Liabilities Con't

Current portion of long-term liabilities: (Note K)		
Contracts payable	\$	
Compensated absences payable		
Capital lease obligations		29,692
Claims and litigation payable		
Notes payable		
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
Other long-term liabilities		
Total current liabilities		108,026
NONCURRENT LIABILITIES		
Contracts payable		
Compensated absences payable		12,627
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
OPEB payable		182,889
Other long-term liabilities		
Total noncurrent liabilities		195,516
Total liabilities		303,542
DEFERRED INFLOWS OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	\$	
Deferred amounts related to service concession arrangement		
Deferred amounts of debt refunding		
Adjustments of capital lease obligations		
Grants received prior to meeting time requirements		
Property taxes received before the period of which the taxes were levied		
Fines and penalties received in advance of meeting time requirements		
Sales/intra-entity transfers of future revenues (transferor)		
Gains from sale-leaseback transactions		
Points received on loan origination		
Loan origination fees received for mortgage loans held for sale		
Total deferred inflows of resources		-
NET POSITION		
Net investment in capital assets		1,089,742
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		1,505,918
Total net position		2,595,660
Total liabilities, deferred inflows of resources, and net position	\$	2,899,202

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Statement B

OPERATING REVENUE	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____
Federal grants and contracts	_____
State, local and nongovernmental grants and contracts	_____
Other	_____
Total operating revenues	_____ -
OPERATING EXPENSES	
Cost of sales and services	_____ 227,938
Administrative	_____ 298,980
Depreciation	_____ 62,867
Amortization	_____
Total operating expenses	_____ 589,785
Operating income(loss)	_____ (589,785)
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	_____ 40,276
Taxes	_____ 782,186
Use of money and property	_____ 6,456
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	_____ 1,978
Other expense	_____
Total non-operating revenues(expenses)	_____ 830,896
Income(loss) before contributions, extraordinary items, & transfers	_____ 241,111
Capital contributions	_____
Extraordinary item	_____
Transfers in	_____
Transfers out	_____
Change in net position	_____ 241,111
Total net position -- beginning	_____ 2,354,549
Total net position -- ending	\$ _____ 2,595,660

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Statement C

		Program Revenues		
		Operating	Capital	Net (Expense)
	Expenses	Charges for	Grants and	Revenue and
		Services	Contributions	Changes in
			Contributions	Net Position
Entity	\$ 589,785	\$ -	\$ -	\$ (589,785)
General revenues:				
Taxes				782,186
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				6,456
State Revenue Sharing				40,276
Miscellaneous				1,978
Special items				
Extraordinary item				
Transfers				
Total general revenues, special items, and transfers				830,896
Change in net assets				241,111
Net position - beginning as restated				2,354,549
Net position - ending				\$ 2,595,660

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

**Statement D
(continued)**

Cash flows from operating activities

Cash receipts from customers	\$	
Cash receipts from grants and contracts		
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services		(227,172)
Cash payments to employees for services		(221,002)
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any (* provide explanation)		
Net cash provided(used) by operating activities		<u>(448,174)</u>

Cash flows from non-capital financing activities

State Appropriations		
Ad valorem taxes		782,186
State revenue sharing		40,276
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other (**provide explanation)		128
Net cash provided(used) by non-capital financing activities		<u>822,590</u>

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		(30,992)
Interest paid on notes payable		
Acquisition/construction of capital assets		(111,745)
Proceeds from sale of capital assets		1,850
Capital contributions		
Deposits with trustees		
Deferred proceeds from capital leases		
Net cash provided(used) by capital and related financing activities		<u>(140,887)</u>

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		6,456
Net cash provided(used) by investing activities		<u>6,456</u>

Net increase(decrease) in cash and cash equivalents		<u>239,985</u>
Cash and cash equivalents at beginning of year		<u>1,527,371</u>
Cash and cash equivalents at end of year	\$	<u><u>1,767,356</u></u>

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

**Statement D
(concluded)**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>(589,785)</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities		
Depreciation/amortization	<u>62,867</u>	
Provision for uncollectible accounts	<u></u>	
Other	<u></u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u></u>	
(Increase)decrease in due from other funds	<u></u>	
(Increase)decrease in prepayments	<u></u>	
(Increase)decrease in inventories	<u></u>	
(Increase)decrease in other assets	<u>2,613</u>	
Increase(decrease) in accounts payable and accruals	<u>68,352</u>	
Increase(decrease) in compensated absences payable	<u>1,463</u>	
Increase(decrease) in due to other funds	<u></u>	
Increase(decrease) in deferred revenues	<u></u>	
Increase(decrease) in OPEB payable	<u>6,316</u>	
Increase(decrease) in other liabilities	<u></u>	
Net cash provided(used) by operating activities		\$ <u><u>(448,174)</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	\$ <u></u>
Contributions of fixed assets	<u></u>
Purchases of equipment on account	<u></u>
Asset trade-ins	<u></u>
Other (specify)	<u></u>
	<u></u>
	<u></u>
	<u></u>
Total noncash investing, capital, and financing activities:	\$ <u><u>-</u></u>

The accompanying notes are an integral part of this statement.

**NATCHITOCHES LEVEE & DRAINAGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

Please provide an explanation of what is included in "other." If there are multiple reasons, please list each out separately along with the amount.

* Other (operating cash payments)

**Other (cash flows from non capital financing activities)

Miscellaneous receipt

***Other (cash flows from capital and related financing activities)

STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014

INTRODUCTION

The Natchitoches Levee and Drainage District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291(H). The following is a brief description of the operations of Natchitoches Levee and Drainage District and includes the parish/parishes in which the Commission is located: the Levee District includes most of Natchitoches Parish. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The eight members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Natchitoches Levee and Drainage District present information only as to the transactions of the programs of the Natchitoches Levee and Drainage District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Natchitoches Levee and Drainage District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Natchitoches Levee and Drainage District are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ _____ -
Amendments:	_____

Final approved budget	\$ _____ -

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendices Packet - Appendix A at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>, for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Natchitoches Levee and Drainage District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Natchitoches Levee and Drainage District may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the statement of cash flows and statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash

STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014

equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2014, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per statement of net position (Reconciled bank balance)	\$ 1,767,356	\$ -	\$ -	\$ 1,767,356
Deposits in bank accounts per bank	\$ 1,784,915	\$ -	\$ -	\$ 1,784,915
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per statement of net position" due to outstanding items.

STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

	<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1.	MidSouth Bank - Checking		1,784,915
2.			
3.			
4.			
Total			\$ 1,784,915

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the statement of net position to amounts reported in this note, list below any cash in treasury and petty cash that are included on the statement of net position.

Cash in state treasury	\$	
Petty cash	\$	

2. INVESTMENTS (NOT APPLICABLE)
3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES (NOT APPLICABLE)
4. DERIVATIVES (GASB 53) (NOT APPLICABLE)
5. POLICIES (NOT APPLICABLE)
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS (NOT APPLICABLE)

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the statement of net position of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014

Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 6/30/2013	Prior Period Adjustments	Restated Balance 6/30/2013	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2014
Capital assets not depreciated:							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets:							
Depreciable land improvements	\$ 942,047	\$ -	\$ 942,047	\$ 111,745	\$ -	\$ -	\$ 1,053,792
** Accumulated depreciation	(35,327)	-	(35,327)	(24,017)	-	-	(59,344)
Total land improvements	906,720	-	906,720	87,728	-	-	994,448
Buildings	12,290	-	12,290	-	-	-	12,290
** Accumulated depreciation	(11,061)	-	(11,061)	(1,229)	-	-	(12,290)
Total buildings	1,229	-	1,229	(1,229)	-	-	-
Machinery & equipment	531,006	-	531,006	-	-	(31,946)	499,060
** Accumulated depreciation	(368,399)	-	(368,399)	(37,622)	-	31,946	(374,075)
Total machinery & equipment	162,607	-	162,607	(37,622)	-	-	124,985
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 1,070,556	\$ -	\$ 1,070,556	\$ 48,878	\$ -	\$ -	\$ 1,119,434
Capital asset summary:							
Capital assets not depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets, book value	1,485,343	-	1,485,343	111,745	-	(31,946)	1,565,142
Total cost of capital assets	1,485,343	-	1,485,343	111,745	-	(31,946)	1,565,142
Accumulated depreciation/amortization	(414,787)	-	(414,787)	(62,867)	-	31,946	(445,708)
Capital assets, net:	\$ 1,070,556	\$ -	\$ 1,070,556	\$ 48,878	\$ -	\$ -	\$ 1,119,434

* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

** Enter a negative number except for accumulated depreciation in the retirement column

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

E. INVENTORIES (NOT APPLICABLE)

F. RESTRICTED ASSETS (NOT APPLICABLE)

G. LEAVE

1. COMPENSATED ABSENCES

The Natchitoches Levee and Drainage District has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE (NOT APPLICABLE)

H. RETIREMENT SYSTEM

Substantially all of the employees of the Natchitoches Levee and Drainage District are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time Natchitoches Levee and Drainage District employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2013 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://www.lasersonline.org/uploads/CAFR_2013.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The Natchitoches Levee and Drainage District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2014, decreased / increased to 31.30% of annual covered payroll from the 29.1% and 25.6% required in fiscal years ended June 30, 2013 and 2012 respectively. The Natchitoches Levee and Drainage District contributions to the System for the years ending June 30, 2014, 2013, and 2012, were \$21,008, \$29,711, and \$33,682, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - <http://www.doa.louisiana.gov/OSRAP/afipackets.htm>) and select "GASB 45 OPEB Valuation Report as of July 1, 2013, to be used for fiscal year ending June 30, 2014." Report note disclosures for other plans, not administrated by OGB, separately.

STATE OF LOUISIANA
NATCHITOCHEs LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014

	Annual OPEB expense and net OPEB Obligation	6/30/2014
Fiscal year ending		
1. * ARC		33,500
2. * Interest on NOO		7,100
3. * ARC adjustment		6,700
4. * Annual OPEB Expense (1. + 2. - 3.)		33,900
5. Contributions (employer pmts. to OGB for retirees' cost of 2014 insurance premiums)		27,584
6. Increase in Net OPEB Obligation (4. - 5.)		6,316
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)		176,573
8. **NOO, end of year (6. + 7.)		\$ 182,889

*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2013, to be used for fiscal year ending June 30, 2014."

**This should be the same amount as that shown on the statement of net position for the year ended June 30, 2014 if your entity's only OPEB is administered by OGB.

J. LEASES (NOT APPLICABLE)

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2014:

	<u>Year ended June 30, 2014</u>				
	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amounts due within one year
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable				-	
Total notes and bonds	-	-	-	-	-
Other liabilities:					
Contracts payable	-	-	-	-	-
Compensated absences payable	11,164	10,396	8,933	12,627	-
Capital lease obligations	60,684	-	30,992	29,692	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	176,573	33,900	27,584	182,889	-
Other long-term liabilities	-	-	-	-	-
Total other liabilities	248,421	44,296	67,509	225,208	-
Total long-term liabilities	\$ 248,421	\$ 44,296	\$ 67,509	\$ 225,208	\$ -

(Balances at June 30th should include current and non-current portion of L-T liabilities.)

(Send OSRAP a copy of the amortization schedule for any new debt issued.) The totals must equal the statement of net position for each type of long-term liabilities.

L. CONTINGENT LIABILITIES (NOT APPLICABLE)

M. RELATED PARTY TRANSACTIONS (NOT APPLICABLE)

STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014

- N. ACCOUNTING CHANGES (NOT APPLICABLE)
- O. IN-KIND CONTRIBUTIONS (NOT APPLICABLE)
- P. DEFEASED ISSUES (NOT APPLICABLE)
- Q. REVENUES – PLEDGED OR SOLD (GASB 48) (NOT APPLICABLE)
- R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) (NOT APPLICABLE)
- S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS (NOT APPLICABLE)
- T. SHORT-TERM DEBT (NOT APPLICABLE)
- U. DISAGGREGATION OF RECEIVABLE BALANCES (NOT APPLICABLE)
- V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2014, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ 73,468	\$ 4,865	\$	\$	\$ 78,334
					-
Total payables	\$ 73,468	\$ 4,865	\$ -	\$ -	\$ 78,334

- W. SUBSEQUENT EVENTS (NOT APPLICABLE)
- X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED COMPONENT UNIT (NOT APPLICABLE)
- Y. DUE TO/DUE FROM AND TRANSFERS (NOT APPLICABLE)
- Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (NOT APPLICABLE)
- AA. PRIOR-YEAR RESTATEMENT OF NET POSITION (NOT APPLICABLE)
- BB. ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) (NOT APPLICABLE)
- CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES (NOT APPLICABLE)
- DD. EMPLOYEE TERMINATION BENEFITS (NOT APPLICABLE)
- EE. POLLUTION REMEDIATION OBLIGATIONS (NOT APPLICABLE)

**STATE OF LOUISIANA
NATCHITOCHES LEVEE & DRAINAGE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2014**

- FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) (NOT APPLICABLE)**
- GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES (NOT APPLICABLE)**
- HH. SERVICE CONCESSION ARRANGEMENTS (NOT APPLICABLE)**
- II. NONEXCHANGE FINANCIAL GUARANTEES (GASB 70) (NOT APPLICABLE)**

**STATE OF LOUISIANA
NATCHITOCES LEVEE & DRAINAGE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2014**

Name	Amount
<u>Adolph Sklar, Jr.</u>	\$ <u>675</u>
<u>Billy Giddens</u>	<u>900</u>
<u>Charles Brazzel, Jr.</u>	<u>675</u>
<u>Doris Roge</u>	<u>900</u>
<u>Janet Jones</u>	<u>750</u>
<u>Karlton Methvin, President</u>	<u>12000</u>
<u>Mark Swafford</u>	<u>900</u>
<u>Ronald Corkern</u>	<u>900</u>
<u>Rayburn Smith</u>	<u>600</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
Total	\$ <u><u>18,300</u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

STATE OF LOUISIANA
NATCHITOCHEs LEVEE & DRAINAGE DISTRICT
COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$5 million**, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	<u>2014</u>	<u>2013</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>830,896</u>	\$ <u>793,881</u>	\$ <u>37,015</u>	\$ <u>5%</u>
Expenses	<u>589,785</u>	<u>560,101</u>	<u>29,684</u>	<u>5%</u>
2) Capital assets	<u>1,119,434</u>	<u>1,070,556</u>	<u>48,878</u>	<u>5%</u>
Long-term debt	<u>225,208</u>	<u>248,421</u>	<u>(23,213)</u>	<u>(9%)</u>
Net position	<u>2,595,660</u>	<u>2,354,549</u>	<u>241,111</u>	<u>10%</u>
Explanation for change:	<u></u>			
	<u></u>			
	<u></u>			
	<u></u>			

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Independent Auditors' Report

**Board of Commissioners
Natchitoches Levee and Drainage District
Natchitoches, Louisiana**

We have audited the basic financial statements of the Natchitoches Levee and Drainage District, a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and have issued our report dated August 28, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Natchitoches Levee and Drainage District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weakness and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies internal control over financial reporting that we consider to be material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the District's internal control to be a significant deficiency:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Natchitoches Levee and Drainage District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Natchitoches Levee and Drainage District, management and the Louisiana State Legislative Auditor and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Company, LLC

August 28, 2014

STATE OF LOUISIANA

NATCHITOCHEs LEVEE AND DRAINAGE DISTRICT

Schedule of Findings and Management Corrective Action Plan

For the Year Ended June 30, 2014

Summary of Audit Results:

1. Type of Report Issued – Unqualified
2. Internal Control Over Financial Reporting
 - a. Significant Deficiencies – Yes (2014-1)
 - b. Material Weaknesses – No
3. Compliance and Other Matters – No
4. Management Letter - No

Finding 2014-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the District's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

STATE OF LOUISIANA
NATCHITOCHES LEVEE AND DRAINAGE DISTRICT

Status of Prior Audit Findings

For the Year Ended June 30, 2014

The prior audit findings for the Natchitoches Levee and Drainage District are as followings:

Finding 2013-1:

Criteria:

Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition & Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

Management Corrective Action Plan:

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the District's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

Status:

There is no change in the status of this comment.